



PAPER A

Purpose: For Decision

Committee report

Committee	REGULATORY COMMITTEE
Date	MONDAY, 11 MARCH 2013
Title	DETERMINATION OF THE TABLE OF FARES IN RESPECT OF HACKNEY CARRIAGES
Report to	STUART LOVE STRATEGIC DIRECTOR OF ECONOMY AND ENVIRONMENT

EXECUTIVE SUMMARY

1. This paper recommends the continued adoption of the methodology used to determine the Table of Fares. The costs of running a car published by the Automobile Association (AA) will form part of the method, along with some financial adjustments to represent additional or local costs attributed to the Island taxi trade.
2. To adopt the proposed table of fares agreed at the Regulatory Committee on 10 December 2012 following consideration of the responses received during the statutory consultation period and to bring them into effect from 28 February 2013.

BACKGROUND

3. The legislation relevant to licensing vehicles for hire and reward is Part II of the Local Government (Miscellaneous Provisions) Act 1976 ("The Act") and The Town Police Clauses Act 1847.
4. Under section 65 of the Act, a local authority may fix the rates or fares and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle in respect of Hackney carriages. This is referred to as a "table of fares" and this tariff is to be displayed in each Hackney carriage.
5. A decision was taken by the Regulatory Committee on 10 December 2012 to adopt the current calculation method using AA figures amended to reflect local costs to calculate the Table of Fares. In addition the committee determined to amend the table of fares as set out in the officer's report.
6. There is a legal requirement to advertise any proposed amendments of a table of fares and any representations received should be considered prior to the Table of Fares taking effect.
7. The table of fares on the island have been set by the local authorities for over 30 years. Officers have reference to a byelaw dating back to the early 1970s.

8. The link to the committee report and decision notice is attached as background papers.

STRATEGIC CONTEXT

9. The review of the Hackney carriage table of fares fits in with the Council's Key Priority of Regeneration and Economy.

CONSULTATION

10. Following the decision made by the Regulatory Committee on 10 December 2012, the consultation commenced on 14 December 2012 and lasted for 28 days, finishing on 14 January 2013.
11. As required by the Act, this was advertised in the Isle of Wight County Press and a copy of the advertisement and amended table of fares was placed at Council offices (Jubilee Stores) for inspection. In addition, the information was placed on the Council's website (iwight.com) under the consultation section.
12. The advertisement stated that the implementation date for the table of fares would be 28 February 2012.
13. A letter was also sent to all proprietors informing them of the decision taken by the committee and that the proposed changes were now subject to a statutory consultation period. This letter has been attached as appendix 1
14. During the consultation period two responses were received.
15. The relevant parts of the first response found at appendix 2 are:
 - (a) There has been no increase on the flag fall since March 2004.
 - (b) The handling of luggage charge has not risen since the late 1980's.
 - (c) No recognition of special events and the different working patterns these present.
 - (d) The table is skewed, favouring larger vehicles.
 - (e) The revised tariff 1 increment should be 50p not 45p.
 - (f) Two thirds of the changes relate to reduction with the loss of waiting times.
 - (g) To review the higher tariffs for spring and summer bank holidays.
16. The second response found at appendix 3 was received two days outside however officers have included the response in this report for the committee to consider. Included in this representation were a number of issues which are not relevant to the amendments of the table of fares. The relevant parts of the representations are:
 - (a) The AA scale of motoring costs is irrelevant.
 - (b) Current taxi fares do not cover the cost of employing a driver on minimum wage or VAT costs.
 - (c) The costs of organising a meter change, who pays?
 - (d) Why set a table of fares, allow companies to set their own charges.
 - (e) Allow market forces to prevail.

FINANCIAL / BUDGET IMPLICATIONS

17. Council expenditure on taxi related matters are balanced from income generated from fees. The fees are set by the Council and represent the full costs of administering and the enforcement of matters relating to taxi licensing.
18. Following any change to the tariffs in the table of fares, all the taximeters currently in use in licensed vehicles will need to be adjusted and re-sealed to reflect the amended maximum fares. There are currently 189 Hackney Carriages on the Island. It is estimated that it will take ten minutes per vehicle, which totals 31.5 hours of officer time.
19. There will also be a need to hire a suitable location for this to be undertaken. Newport Football Club's car park was hired for the last meter change in 2010 and is likely to cost approximately £150. Again, this cost will be met from the existing budget.

CARBON EMISSIONS

20. There are no carbon emissions implications for the Isle of Wight Council in this report.

LEGAL IMPLICATIONS

21. The legislation relevant to licensing vehicles for hire and reward is Part II of the Local Government (Miscellaneous Provisions) Act 1976 ("The Act") and The Town Police Clauses Act 1847.
22. Section 65 of the Act allows the council to fix the rates or fares within the district for time, distance and all other charges in connection with the arrangements for the hire of a Hackney carriage.
23. The local authority must consider any comments received during the consultation period. It must also set a revised implementation date which must be within two months of the original implementation date.
24. There is no legal requirement to publish or undertake a further consultation if the Table of Fares is amended by the committee as a result of it considering the comments received.
25. There is no right of appeal against the level at which the council determines the table of fares. However, any decision taken by the Regulatory Committee may be liable to legal challenge by way of judicial review.
26. There is no statutory method of calculating the fares. Any method used by this authority to calculate the fees should be fair, transparent and reasonable.

EQUALITY AND DIVERSITY

27. An Equalities Impact Assessment (EIA) has been completed, which has indicated that there are no adverse effects on the protected characteristics.

PROPERTY IMPLICATIONS

28. There are no property implications.

OPTIONS

29. Option 1: To continue to use the current calculation method using AA figures amended to reflect local costs to calculate the Table of Fares, as agreed by the regulatory Committee at its meeting of 10 December 2013
30. Option 2: To adopt the table of fares at Appendix 4 after considering the comments received during the statutory consultation period and to revise the implementation date to 27 March 2013.
31. Option 3: To modify and adopt the table of fares with the proposed amendments to the charge per item of luggage at Appendix 5 and to revise the implementation date to 27 March 2013.
32. Option 4: To further modify and adopt the table of fares at Appendix 4 and to revise the implementation date to 27 March 2013.

RISK MANAGEMENT

33. With regard to Option 1: Should the committee decide to continue to use this calculation process they may continue to receive challenges as to the whether this method is appropriate. It is for the Council to decide how they wish to calculate the Table of Fares. However it is important that the figures used do reflect local costs. There is no right of appeal against this decision, although the decision may be challenged by way of judicial review.
34. With regard to Option 2: Should the committee determine to adopt the proposed increase to the current maximum fares Hackney Carriage proprietors may charge, after considering the representations received during the statutory consultation, there is a risk of a detrimental impact on the number of customers using taxis and therefore a subsequent financial impact on taxi proprietors through lack of custom.
35. With regard to Option 3: Should the committee determine to amend the proposed Table of Fares for Hackney Carriages after considering the representations received during the statutory consultation, there is a risk of a detrimental impact on the number of customers using taxis and therefore a subsequent financial impact on taxi proprietors through lack of custom.
36. With regard to Option 4: Should the committee determine to amend the proposed Table of Fares for Hackney Carriages after considering the representations received during the statutory consultation, there is a risk of a detrimental impact on the number of customers using taxis and therefore a subsequent financial impact on taxi proprietors through lack of custom

EVALUATION

37. No Increase in the Flag Drop Since March 2004 – 15(a)

The flag drop is the initial charge shown on the taxi meter before each journey commences. Depending on the tariff the amount charged on the island ranges between £3 and £7.50. No additional charge is added to the fare until half a mile has been completed.

Although the different tariff amounts have not increased since 2004, the distance to which they apply was amended in 2010 from one mile down to half a mile. This means that the fare starts to increase at half a mile instead of one mile. This represents an increase of 50% of the cost per mile.

38. No increase in the handling of luggage charge since March 2004 – 15(b)

It is true that the luggage charge has not been increased for a number of years. The transportation of luggage is an inclusive part of the service which should be provided by the taxi. However it is recognised that drivers should be recompensed for assisting luggage into the vehicle and a charge of 10p per item is currently permitted.

Officers have checked with the charge for handling luggage on other Table of Fares, the results are as follows:

New Forest	20p per article of luggage;
Southampton	No charge permitted;
Portsmouth	Maximum of 20p for all items of luggage;
Gosport	20p per article of luggage;
Poole	20p per article of luggage;
Bournemouth	20p and 25p per item of luggage;
Brighton & Hove	No charge permitted.

Based on the above information, it would indicate that the charge for handling luggage on the Table of Fares could be increased to 20p per item.

Officers recommend that the charge for handling luggage is amended to 20p per item.

39. No recognition of special events – 15(c)

In the Table of Fares, as outlined above there is a charge in place for assisting with luggage which drivers are permitted to charge.

How the money is obtained for the journey is for the passengers to coordinate in consultation with the driver. In normal circumstances one of the passengers would either pay for the journey and collect the money from the others, however for events, it could be that the passengers do not know each other. In this case the driver should prior to the journey, explain how much the journey is likely to cost and that it should be ready for him on at the end of the journey or collect the fare before the journey commences. Officers advise that this is a business decision and not one which should be considered by this committee.

Officers therefore do not recommend amending the Table of Fares to recognise special events.

40. The Table of Fares is skewed towards larger vehicles – 15(d)

An additional tariff was added in 2010 to recognise the additional costs associated with operating vehicles which can carry in excess of 4 passengers.

Officers do believe that the additional costs are proportionate and appropriate for these types of vehicles.

41. Tariff 1 increment should be 50p not 45p – 15(e)

A decision was taken by the Regulatory Committee on 11 December 2012 to adopt the current formula for calculating fares using for the cost of running a car produced by the AA.

This calculation process using local costs indicated that the cost per quarter of mile of running a taxi on the island was 42p. Officers recommended to the committee in December that this amount was increased to 45p. This was approved by the committee.

Officers do not believe the argument submitted, that taxi drivers would have to handle 5p pieces or it is arithmetically easier to calculate journey costs if the cost per quarter of a mile was altered to 50p, are not justifiable reasons for increasing this cost to 50p.

It should also be noted that no other proprietors have suggested an increase. If drivers find it difficult to calculate approximate charges for different journey lengths, proprietors could produce a chart detailing their costs of different journey lengths as an aid memoir.

42. Two thirds relates to a reduction with the loss of waiting time on the higher tariffs – 15(f)

Waiting time is applied automatically every minute by the meter when the taxi is stationary in traffic. The costs of journeys could substantially increase if vehicles are caught in traffic jams. It has been suggested by drivers that in such circumstances fares can increase as much as £3.00 on some journeys.

The following information was contained within the committee report for 11 December 2012 regarding waiting time and members determined to amend the waiting time based on this information and officers still believe this is an appropriate determination.

“Keeping the waiting time value the same throughout the tariffs would not compensate for additional wages drivers may be paid during unsociable hours.

Officers do not support that waiting times should be the same throughout all tariffs. They do support an increased amount for the tariffs covering the unsociable hours; therefore the proposal is for the waiting time fare for tariffs one and two are the same and tariffs three and four are the same.”

The Table of Fares still provide the opportunity for proprietors to charge waiting times on the higher tariffs, the proposal agreed on 10 December 2012 was to reduce the waiting times on tariffs 2 and 4.

43. Review the higher tariffs for spring and summer bank holidays – 15(g)

It is a valid point that charging a higher tariff on bank holidays could lead to reduced custom. However it is common for people to receive enhanced payment for working these days. It should also be noted that the charges are maximum charges, lower charges can be applied if the taxi proprietor so wishes.

Officers therefore believe that the ability to allow higher charges for bank holidays is correct and no amendments should be made to this provision within the Table of Fares.

44. The AA scale of motoring costs is irrelevant 16(a)

There is no standard method for calculating fares. Each local authority has to determine how the fares should be calculated or determined.

Some local authorities do enter into a more in depth calculation process similar to the one used by this authority. However it is common practice amongst many authorities to liaise with their local taxi associations or simply add a % increase based on the current level of inflation.

The general principal of incorporating the cost of the vehicle, fuel, average salary, maintenance and insurance is utilised by the London Public Carriage Office who set fares for London Cabs. This process has been used since 1981.

Officers are aware from The National Taxi Association (NTA) that the calculation process used by this authority is the same as the methods used by Brighton and Hove and Blackpool Councils. Those local authorities have confirmed this, and have advised that they also apply some or all of the following:

- Alternative values for salary
- Adjustments for insurance and maintenance
- Reviews only undertaken when the local taxi forum submits a request for review of the table of fares

Officers also discussed the calculation process with Private Hire Monthly (The National Trade Journal) who supported the current calculation process as suitable and sufficient.

Officers consider that the system used by this authority is fair and proportionate and as determined by the Committee on 10 December 2012 should reflect local costs.

45. Current fares do not cover the cost of employing a driver on minimum wage or vat costs – 16(b)

The salary used in the calculations is the national average for taxi cab drivers and chauffeurs for 2011. An additional 9.2% has been added as recommended by the National Statistics Office to make it more representative to 2012.

Brighton and Hove use the Annual Survey of Hours and Earnings data for their salary figure. They use the national average weekly wage for all full time workers.

Officers are satisfied that the salary used is the correct amount; it is the national average and specific to the profession of a taxi driver.

46. Cost of organising a meter change, who pays?- 16(c)

The meter changes will be paid for by each proprietor. If the Council was to pay for the changes to each meter the annual licence fee would have to be increased to cover any costs incurred by the Council.

47. Why set a Table of Fares, allow companies to set their own – 16(d)

Although the Act does not make it a requirement of the local authorities to set the fares, it is considered to be a sensible approach and one which is welcomed on the whole by both the public and trade.

The vast majority of local authorities in England set a Table of Fares for Hackney Carriages. By setting the fares the local authority can ensure that there is consistency in what is being charged and any groups are not disadvantaged. Competition can still remain between drivers or companies as the fares are the maximum and a cheaper fare could be negotiated.

The Department for Transport sees it as good practice to review the fare scales at regular intervals, including any graduation of the fare scale by time of day or day of the week. The department also suggests that in reviewing the fares, authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed.”

Officers recommend that the committee continue to regulate fares by setting a Table of Fares.

48. Allow Market Forces to prevail – 16(e)

As previously mentioned, the purpose of the Table of Fares is to regulate the maximum amount that can be charged for a journey. Proprietors can charge less than the amount shown on the taxi meter if they wish, which does allow flexibility and competition amongst the licensed trade.

49. The revised Table of Fares which is being recommended for final adoption by this committee after considering the comments received during the statutory consultation is attached as appendix 5.

50. Officers recommend that the revised implementation date for the amended Table of Fares to come into effect is 27 March 2013. This would ensure that the new fares would be place prior to Easter.

RECOMMENDATION

51. Option 1 - To continue to use the current calculation method using AA figures amended to reflect local costs to calculate the Table of Fares, as agreed by the Regulatory Committee at its meeting of 10 December 2013.
52. Option 3 - To modify and adopt the table of fares with the proposed amendments to the charge per item of luggage at Appendix 5 and to revise the implementation date to 27 March 2013.

APPENDICES ATTACHED

- [APPENDIX 1](#) Letter to Proprietor
- [APPENDIX 2](#) First Response
- [APPENDIX 3](#) Second Response
- [APPENDIX 4](#) Table of Fares used for consultation
- [APPENDIX 5](#) Proposed Table of Fares following Consultation

BACKGROUND PAPERS

- [Report of Director of Economy and Environment to Regulatory Committee on 10 December 2012](#)
- [Minutes of Regulatory Committee held on 10 December 2012](#)

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